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September 21, 2005

FDIC San Francisco Regional Office
Director Johns F. Carter
25 Jessie Street at Ecker Square
Suite 2300
San Francisco, CA 94105

Dear Director Carter:

I am writing with regard to the FDIC's consideration of Wal-Mart's application for deposit insurance for its pending Utah based ILC. It is my hope that many other community bankers in the nation have written you to help keep Wal-Mart Bank from becoming a reality. Mixing banking and commerce is bad public policy that will jeopardize the impartial allocation of credit and create conflicts of interest. Congress reaffirmed its opposition to the mixing of banking and commerce in the Gramm-Leach-Bliley Act. Imagine a Wal-Mart Bank disfavoring small businesses that compete with them and favoring Wal-Mart suppliers in credit decisions, or requiring Wal-Mart suppliers to bank with the proposed Wal-Mart Bank. Wal-Mart has a history of destabilizing communities. With its vast resources, it has the potential to drive out community banks like it has driven out community grocery stores, pharmacies, and hardware stores. Where would that leave our communities?

I certainly understand the perspective of many consumers frustrated by the service and high fees of the biggest banks, but we are not among them. We are a closely held community bank in a rural community of less than 1,000 residents. We have been here for our community for over eighty five years. Our employees live and work and volunteer in our community. We provide financial support for many activities in our small community as well as financing for small businesses and individuals in our local economy. Many studies by the Federal Reserve and consumer organizations have shown that community banks offer substantially better customer services at a much lower cost than the mega-banks. With just a little shopping around, consumers in any marketplace can find a community bank or savings institution that gladly offer reasonably priced or even free services.

The potential repercussions to the U. S. financial system and economy over what a commercial conglomerate like a Wal-Mart or Microsoft Corp or the next Enron entering the banking business are real and not inconsequential once fully considered. Wal-Mart already controls 8% of the non-restaurant, non-automotive sales in the United States. With a branch of Wal-Mart Bank in each of its stores, it would represent a dangerous and unprecedented concentration of economic power. The future of community banking is at stake. Thank you in advance for your consideration of my comments and those of my peers regarding this issue.

Sincerely,



Tina Callaway
President